

DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

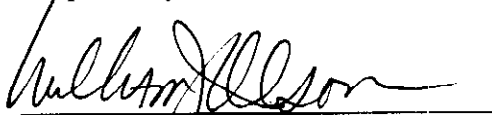
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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997 )

RESPONSE OF NASHUA PHOTO INC., DISTRICT PHOTO INC.,  
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.  
TO INTERROGATORIES  
OF UNITED STATES POSTAL SERVICE (USPS/NDMS-T2-6-10)  
(February 6, 1998)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc., District Photo Inc., Mystic Color Lab, and Seattle FilmWorks, Inc., hereby provide the responses of witness John Haldi to the following interrogatories of the United States Postal Service: USPS/NDMS-T2-6-10, filed on January 23, 1998. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

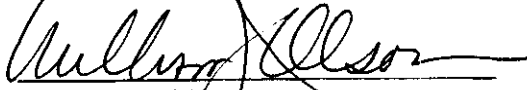


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Counsel for Nashua Photo Inc., District Photo Inc.,  
Mystic Color Lab, and Seattle FilmWorks, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
William J. Olson

February 6, 1998

**USPS/NDMS-T2-6.**

For all zoned Priority Mail (i.e. pieces over five-pounds), what is your proposed average increase in rates (weighted by volume)? Please explain and document your answer fully.

**Response:**

Using the Test Year Before Rates volumes provided in Table B-4 of my testimony, revenue from the current rates for 6- to 70-pound Priority Mail is \$476,750,049, which amounts to \$10.33 per piece. Using Test Year After Rates volumes from Table C-9 of my testimony (reflecting my alternative method for projecting volumes), revenues from the NDMS proposed rates for 6- to 70-pound Priority Mail would be \$463,585,224, which amounts to \$9.91 per piece. Of course, current rates reflect the arbitrary reduction of the unzoned Priority Mail rates and corresponding increase of the zoned Priority Mail rates as a result of the Commission's *Opinion & Recommended Decision* in Docket No. R94-1. (See Lib. Ref. PRC 12, Tables VII and VIII). My proposed rates correct this skew, more properly relate rates to costs, and thus represent a long overdue correction — a 4 percent average rate decrease for 6- to 70-pound Priority Mail.

**USPS/NDMS-T2-7.**

Please refer to Table C-7 at C-15 in your testimony.

- a. Please confirm that the rate for a 35-pound piece in zone L,1,2,3 is \$12.30 and the rate for a 34-pound piece in zone L,1,2,3 is \$12.95.
- b. Please confirm that the rates for 45- and 46-pound pieces in zone L,1,2,3 are both \$16.30.
- c. Are any of the rates identified in parts a. and b. above, in error? If so, please provide a revised Table C-7 and all other revisions needed to correct your testimony. If the rates are correct, please explain fully.

**Response:**

- a. - c. Please refer to errata to NDMS-T-2, to be filed correcting my proposed rates for 35- and 46-pound pieces to Zone L,1,2,3, as well as the 15-pound rate to Zone 4, and the 68-pound rate to Zone 7. These errata revise Table 4 from page 45 of my testimony and Tables C-7 through C-11 in Appendix C.

Response of Dr. John Haldi to USPS/NDMS-T2-8  
Page 1 of 1

**USPS/NDMS-T2-8.**

Please confirm that the maximum percentage increase you propose for any given Priority Mail rate is ten percent. Please also confirm that you impose this maximum percentage increase on each and every unzoned rate. If you do not confirm, explain fully.

**Response:**

Confirmed. I propose a uniform 10 percent rate increase for the unzoned cells.

Response of Dr. John Haldi to USPS/NDMS-T2-9  
Page 1 of 1

**USPS/NDMS-T2-9.**

Please confirm that the maximum percentage decrease you propose for any given Priority Mail rate cell is thirty-four percent. Please confirm that you propose the maximum percentage decrease on the 35-pound zone 1,2,3 rate. If you do not confirm, explain fully.

**Response:**

Not Confirmed. The maximum percentage decrease is 29.18 percent on the 65-pound zone L,1,2,3 rate. See errata to NDMS-T-2 to be filed and my response to

USPS/NDMS-T2-7.

**USPS/NDMS-T2-10.**

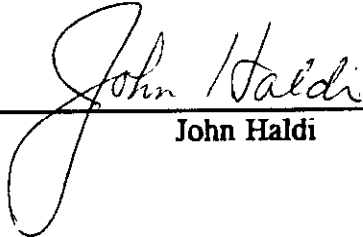
Your analysis of volume trends for zoned and unzoned Priority Mail following the Docket No. R94-1 rate change looks at the change from FY1993 to FY1996, as presented in Table 2. Did you perform a similar analysis for the change from FY1994 to FY1996? If so, please present the results. If not, why did you limit your analysis to the changes from FY1993 to FY1996.

**Response:**

No. When I prepared my testimony I looked for Priority Mail volume data presented with sufficient detail so that I could compare the growth in zoned versus unzoned rate cells. These data were presented by the Postal Service in Docket No. R94-1 for the base year in that docket, which was FY 1993. Comparable data were presented by the Postal Service in Docket No. R97-1 for the base year in this docket, FY 1996. Insofar as these were the data I had available, I made the comparison presented in Table 2. I did not compare the volumes in FY 1996 with the volumes in FY 1994 because I did not have immediate access to comparable FY 1994 data.

## DECLARATION

I, John Haldi, declare under penalty of perjury that the foregoing answer is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
John Haldi

Dated: February 6, 1998